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COTTON IN LEBANON

There are said to be five cotton gins in the country, all owned by textile mills. Several are saw gins, including one new one. 248

No one expects cotton acreage to climb appreciably, even though cotton normally returns more money to the farmer than other general crops, particularly in years of high prices. Government agricultural officials and technical assistance people agree that farmers are simply more interested in other crops and the country as a whole considers food crops more important.

The consensus is that the crop may expand by a few thousand bales if the price is favorable.

COTTON TEXTILES

The cotton spinning industry has about 70,000 spindles, of which 54,000 were operating in early 1952. The weaving industry reports 989 power looms, about 300 hand looms, and a number of small knitting mills operating at capacity. The spindles and most of the power looms are located in six mills which are privately owned by Lebanese industrialists. Most of these spinning mills were built in the late thirties. Some installed second-hand equipment though the majority bought new equipment from Germany, France, United Kingdom, and Japan. Spinning capacity has remained fairly stable during the past few years but knitting and weaving capacity has expanded considerably. 288 [471]

Until the dissolution of the customs union with Syria in 1950, the industries of the two countries were complementary. Lebanon sold from 50 to 60 per cent of its yarn to Syria and bought cloth. The imposition of duties by Syria and the expansion of the Syrian spinning industry virtually stopped this trade. The Lebanese now want to install more looms to balance their mills and consume the output of yarns. Expansion of the cotton textile industry is expected to be along these lines. [648 439]

At present the cotton textile industry is protected by import duties which average about 30 per cent ad valorem. There are complaints by some local industrialists that this is not adequate. Others maintain that relatively low wages and comparatively high machine efficiency enable them not only to operate successfully in the domestic market but also to compete to a limited extent on the foreign market. These two opinions, reported by the American Vice Consul in Beirut who has studied the industry, likely reflect the range of efficiency. [651]

Cotton yarn exports in 1951 totaled 680 tons in counts from 12s to 40s. This went primarily to Rumania, Pakistan, Cyprus, Aden, Egypt, and Belgium. In the same year the country exported 1,137 tons of cotton cloth, mostly coarse gray goods to Italy, Sudan, Iraq, and other neighboring countries. Imports of piece goods at 1,500 tons were almost equal to exports. Imports for the most part were dyed and printed goods in the specialty lines. 439

Normally Lebanese mills use about 80 per cent Syrian cotton and the balance local and Egyptian. The sources in 1951 were: Syrian, 60 per cent; Lebanese, 20 per cent; Egyptian, 10 per cent; and American, 10 per cent.

382 pipeline. Initial yearly capacity will be 300,000 tons, to be raised to 450,000 by 1956; by that date, total investment in the refinery will be $8 million. Most of the output will be fuel for bunkering, but the lighter products will be available for domestic consumption, meeting all the country's needs for major oil products. 1/

377 Output of electricity has also expanded, from 57 million kilowatt-hours in 1945 to 104 million in 1949, 147 million in 1952 and 164 million in 1953; of the last figure, 63 million kilowatt-hours were produced by thermal generators and 101 million by hydroelectric generators.

331 Construction has been maintained at a high level. Authorized construction in Beirut increased from 107,000 square metres of floor space in 1945 to 258,000 in 1948, 323,000 in 1952, 318,000 in 1953 and 167,000 during the first half of 1954. It is estimated that gross expenditure on construction was LL 81 million in 1948, LL 73 million in 1949 and LL 99 million in 1950. 2/ These figures represent some 7 to 10 per cent of the gross national product. Construction represents a large fraction, probably over half, of gross investment in Lebanon and absorbs a large proportion of small savings.

339 The building materials industries have expanded to meet construction needs.
323 Owing to expansion of capacity in 1947, output of cement rose from 148,000 tons in 1945 to 209,000 in 1948, 280,000 in 1952, 314,000 in 1953 and 141,000 in the first half of 1954. In recent years, exports have ranged between 20,000 and 60,000 tons. A new plant is under construction. Other industries, such as tile making and glass, have also expanded; output of glassware in 1952 reached 1,300 tons. Various cement products industries have been developed.

258 Food processing represents the most important group of industries, as regards capital employment and value of output (see table 45). Among the principal branches are sugar refining, where output rose from a negligible amount to 6,000 tons in 1952 and 14,000 in 1953 and where capacity is being expanded; vegetable oils, where output has risen from 900 in 1945 to 5,600 in 1952; biscuits, where output rose from 300 tons in 1945 to 1,200 in 1952; dough products, which increased from 300 tons to 2,400; chocolate, jam and various sweet-meats, with a combined output of 4,700 tons in 1953; beer, whose output declined from its war-time peak to 2 million litres in 1953; wine, araq and other alcoholic drinks, whose output has risen slightly in the post-war years, to 2.2 million litres in 1953; and soft drinks, whose output has increased more than twentyfold, to 9.5 million litres in 1953. 3/ All these industries, except sugar, provide a small export surplus and all are operating well below capacity.

• 288 The textile industries have been facing difficulties. Silk reeling has declined into a minor occupation, but silk weaving has developed, output rising from 26 tons in 1945 to 320 in 1952; this amount represents only one sixth of Lebanon's consumption. Output of woollen cloth has failed to exceed 150 tons,

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1/ Oil and Gas Journal, 7 March 1955.

2/ Albert Y. Badre and Agopig G. Altounian, "National Income of Lebanon", Monograph No. 2: "Income Arising in the Construction Sector" (Beirut, November 1951).

3/ Figures from Le Commerce du Levant, 3 July 1954, special issue on industry.

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in 1945 to 1,100 in 1952; part of this is exported. Output of underwear and hosiary has also increased, from 18 tons in 1945 to 310 in 1952. 1/ 288

Other industries include soap making, with an annual output of 6,000 tons; tanning, with an annual output of 2,000 tons; electric bulbs, of which 500,000 are produced each year; and various iron and steel products, of which 8,000 tons were produced in 1952, compared with 900 in 1945. 288

Among the difficulties facing Lebanese industry, the most important is the very restricted market, due to the smallness of the population; this is only partly offset by the fact that per capita income is higher than in other Middle Eastern countries. The market is further restricted by the marked consumer preference for foreign goods, which, owing to the relatively liberal trade policy of the Government, has been allowed greater latitude than in other parts of the region. Another adverse factor has been the loss of the Syrian market, in which several Lebanese industries, notably cotton yarn, tanning, chemicals and beer, sold a large proportion of their output. Successful attempts have been made to open export markets, for example, for vegetable oils in Cyprus, France and Egypt, for cotton yarn in some western European countries and for cloth in India, Pakistan and West Africa. The precariousness of these markets was shown, however, when, during the depression in the world textile industry in 1952, restrictions were imposed on imports from Lebanon. Similarly, a barter agreement in 1953 with Pakistan, under which Lebanon imported raw cotton and exported yarn, was not renewed. As Lebanese plants seem to be somewhat larger than the regional average, 2/ the shrinkage of the market has forced most of them to work well below capacity, thus raising unit costs. 433

Another obstacle is the scarcity of raw materials; except for food processing industries, Lebanon is heavily dependent on imports. Moreover, in spite of a marked improvement in quality, it is still difficult to obtain sufficient quantities of uniform local produce. The dissolution of the customs union with Syria has also affected the supply of raw materials since there was formerly a greater amount of mutually advantageous specialization; for example, cotton-seed oil was imported from Syria for soap making, while Lebanese olive oil was exported to Syria. This factor has restricted the range of Lebanese industries; in 1950, three groups - food, textiles and non-metallic minerals - accounted for 60 per cent of the labour employed in all industry, 62 per cent of the capital invested and 58 per cent of the value of gross and net output. 3/ Nevertheless, 433 [439]

1/ Figures from the Ministry of National Economy.

2/ The average number of persons employed per establishment in Lebanon in 1948 was 17, compared with 14 in Egypt in 1947, and 14 in Palestine in 1942. Capital investment per establishment was LL 85,000, against LL 57,000 in Egypt and LL 48,000 in Palestine, and gross output per establishment LL 147,000, against LL 65,000 and LL 90,000, respectively (Albert Y. Badre, "National Income of Lebanon", Monograph No. 3). The industrial census of 1950 showed that, of the 1,444 firms listed, 25 had a capital of LL 1,000,000 or over, 29 had LL 500,000 to LL 1,000,000 and 45 LL 250,000 to LL 500,000 while, at the other end of the scale, 381 had a capital of LL 10,000 to LL 25,000 and 249 LL 5,000 to LL 10,000 (Ministry of National Economy, Bulletin statistique trimestriel, October 1951).

3/ Badre, op. cit.